

Real People, Real Results

Tennessee

2007



Committed to the future of rural communities.

Rural Renaissance



George W. Bush
President

"The economy rests in the hands of the American people, not in the halls of our government. Government policy ought to recognize who's pulling this economy, and that would be the entrepreneurs and workers of America."

*Address at the Union League Club of Chicago
January 7, 2008*



Ed Schafer
Secretary of Agriculture

"Our rural communities are the home and heart of American Agriculture. That's why our rural development mission is so important. I am very proud of the Bush Administration's record of support for rural America and proud of our USDA Rural Development team of dedicated workers who ensure our programs have a powerful, positive impact on Rural America."



Thomas C. Dorr
Under-Secretary
USDA Rural Development

"We have the privilege of working for an agency that touches people's lives, that strengthens communities, that builds hope one business, one job and one home at a time. While remaining absolutely committed to our core program areas, we are also reinventing ourselves...to respond to the remarkable new opportunities arising due to distributed computing, broadband, economic diversification and, not least, renewable energy."

2007 was a year of remarkable achievements.

We embarked upon the Rural Renaissance; a new way of doing business that responds flexibly to real-world issues by empowering our people to deliver a complete portfolio of services and financial products to build rural communities and businesses literally from the ground up.



Mary Ruth Tackett
State Director

Together our team in Tennessee directly touched the lives of more than 600,000 people in rural parts of the state. Through loans and new economic infrastructure we helped nearly 900 rural businesses create or save more than 2,600 jobs. Most importantly, the impact of the nearly \$309 million we invested in rural businesses, housing and essential infrastructure will continue to positively impact people's health, safety, education, homes and livelihoods for years to come.

Productivity also increased again in 2007 thanks to the hard work and innovative ideas from our staff. Administrative costs were lowered to less than four cents per program dollar delivered to our communities. We rolled out an automated underwriting system for guaranteed home loans, streamlined service delivery in other programs and increased the effectiveness of our marketing to make sure people know how Rural Development can help their community thrive. As a result, we successfully delivered more than 200 percent of our original State allocation for five programs and exceeded 100 percent of our allocation for nine others.

All of this helped us lower our cost-of-doing-business and maximize the impact of every tax dollar invested through Rural Development. To everyone who had a part in these achievements, thank you.



Rep. Bart Gordon announced an investment of \$6.3 million to secure a reliable, long term supply of clean water for families and businesses in Livingston and surrounding areas in Overton County.



Martha Lewis and family celebrated the restoration of their fire-damaged home with the community volunteers and RD staff that helped rebuild the home with aid from a low-interest RD home loan.



Rep. Marsha Blackburn delivered an \$80,000 grant to Recycling Marketing Coop in Lexington to expand its state-wide conservation work and to train recyclers to become more efficient and competitive.



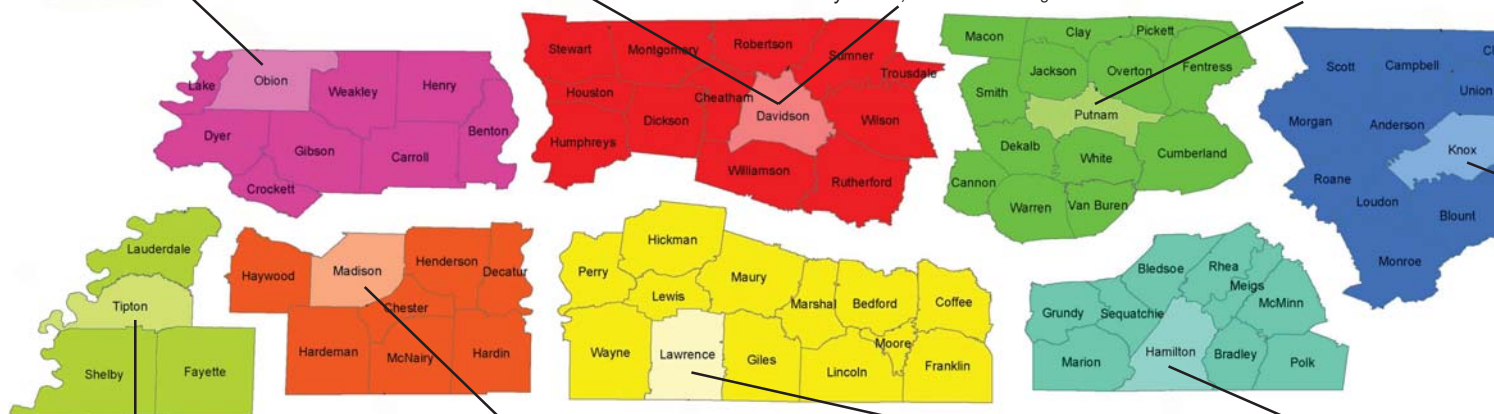
Committed to the future

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Tennessee Living the



Randy Bishop, Franke Greer, Annabel Webb, and Sonya Montgomery partner with faith-based community organization Mountain TOP, using home repair loan and grant resources to improve housing conditions for the elderly and eligible families in Grundy County.

Mary Hickman met with interested workers at Advantage Manufacturing, a business loan recipient in Friendship, at the start of all three shifts, even the 10pm, helping them prepare for and achieve homeownership, and helps current owners with health & safety repairs.

Jerry Jolley and Jimmy Allen worked with Smith County officials to leverage volunteer labor and \$322,200 in water program, business and community facilities funding for several centrally located projects that have become a center of new activity in the county's heart.

Ralph Elam and Pam Crozier worked together with Dover officials utilizing \$3,154,000 in loans & grants to help implement a revitalization plan in the isolated river town, including public water service upgrades, a new senior center and business district improvements.

USDA Rural Development is an Equal Opportunity Lender, Provider and Employer.



of rural communities.



Sen. Lamar Alexander met with residents in Pleasant Hill and delivered \$6 Million in guaranteed loans for a safer, more reliable water system and to expand and improve the Uplands Retirement Community campus.



Seven new homeowners in Eastern 8's new Shady Meadows subdivision celebrated Homeownership Month as recipients of the symbolic gift of rocking chairs donated by Cracker Barrel Old Country Store.



State Director Tackett delivered a \$10,000 rural business grant matching Rhea Economic and Tourism Council's investment in needed improvements to the historic mainstreet business district in Dayton.

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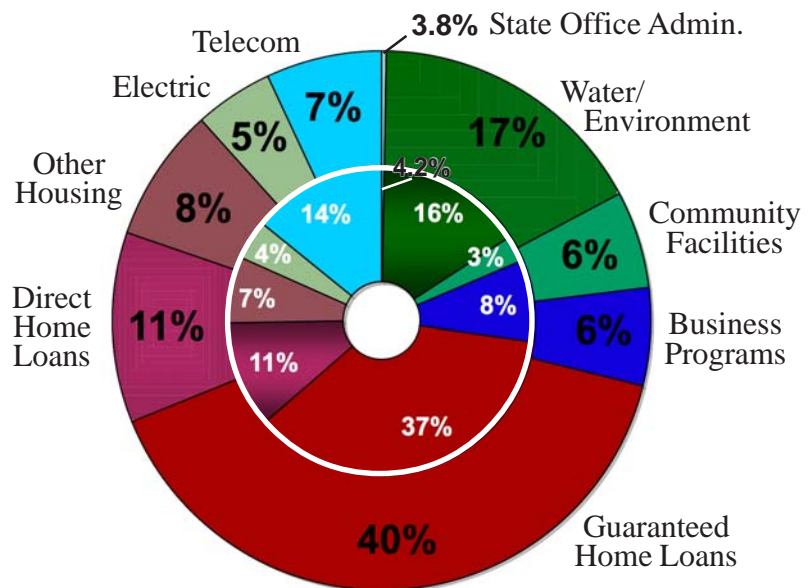
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USDA Rural Development Tennessee Investment Portfolio

2007 - \$308,674,474 (outer circle)

2006 - 288,740,981 (inner circle)



see 2007

the mission



Kathy Brantley and Joyce Mason worked with Memphis-based Riverview-Kansas Community Development Corp. to expand its services to rural Fayette County; helping elderly families with essential home repairs and starting a new self-help housing development.



Doug Shelton worked with city and county officials to prioritize local needs and plan to meet them. The result: \$915,500 loan & grant funding for a senior center in Linden and new town hall and library in Lobelville, improving needed services for people in Perry County.



Allen Hawk, Lori Morley, Marcia Owens, and Diana Mitchell accomplished more-with-less by leveraging partnerships with regional and state agencies like THDA, Eastern8 and FAHE to provide more affordable-housing opportunities for families than ever before.



Sharon Brogan and Linda Whillock are working with water loan recipient South Blount Utility District to identify and assist eligible families in a new service area with help covering the costs of accessing clean, safe public water for the first time.

Complaints of discrimination should be sent to USDA Director OCR, Washington, D.C., 20250-9410

B U S I N E S S

2,794 jobs impacted in 2007

Business programs work with private lenders to increase the pool of investment capital available to business and industry in rural areas for start-up, expansion, relocation, modernization and energy efficiency improvements. They also assist communities and local organizations building strong, flexible business-infrastructure to nurture future economic growth. Most business programs are available to serve rural areas and cities with a population of less than 50,000. For more information on Rural Development business programs contact us at 615-783-1341 or www.rurdev.usda.gov/tn.

2006
\$25,435,000

2007
\$15,064,000

Guaranteed Business & Industry Loans (B&I)

Provides loan guarantees up to 80% for businesses to use for working capital, equipment, buildings and real estate.

\$2,840,000

\$3,670,000

Rural Economic Development Loans/Grants (REDLG)

Provides capital for local rural electric systems to finance business start-ups, expansions and to establish revolving loans funds to promote job creation.

\$1,699,046

\$1,967,000

Rural Business Enterprise Grants (RBEG)

Provides public and non-profit groups with capital to facilitate the development of small and emerging businesses.

\$72,395

\$ 50,000

Energy Efficiency Grants & Renewable Energy Grants (9006)

Provides capital to private businesses involved in developing renewable energy sources and assists businesses in becoming more energy efficient.

-0-

\$139,927

Rural Business Opportunity Grants (RBOG)

Provides funding for public and non-profit groups to provide technical assistance, training and strategic planning to improve local economic conditions.

\$21,435

\$49,900

Value-Added Producer Grants (VAPG)

Provides assistance to independent agricultural producers and cooperatives in marketing, identifying and developing new business for local producers.

\$30,067,876
1,047

\$20,940,827
896

Investment in rural Tennessee businesses
Businesses Assisted



Committed to the future of rural communities.

Exceeding
expectations
FY-2007

1

National rank among
State Offices for rural business
enterprise grants delivered

94

Million dollars - current value of
Guaranteed Business & Industry
Loan Portfolio in Tennessee

220

Percent of initially allocated
rural business enterprise
program funds obligated

25,457

Number of jobs impacted by
RD business programs
in Tennessee since 1998



Rep. Zack Wamp delivered \$300,000 to Powell Valley Electric Coop. to establish a revolving loan fund to promote business growth and job creation in Claiborne County.



Rep. David Davis presented a \$270,000 rural business grant to Phipps Bend Joint Venture officials to meet growing industrial development infrastructure needs in Hawkins County.



Local support from Hardeman Co. leaders and a guaranteed business loan through Patriot Bank helped David Casey modernize and expand his cabinet manufacturing facility.



Rep. John Tanner helped secure \$50,000 for leaders of Weakley and Obion Counties who are working together to improve transportation resources at Everett-Stewart Regional Airport.

Guaranteed loans deliver capital for growth



Sen. Bob Corker met with business and elected leaders at the RD Area Office in Covington to discuss economic development issues affecting job growth and community development.

Increased liquidity and decreased risk help Rural Development guaranteed loan products meet the needs of the modern rural economy. Leveraging the strength and efficiency of private lenders with the added security of federal backing has expanded the pool of investment capital available for economic and community development in rural areas. Automation of the underwriting system for home-loan guarantees and streamlined processing for business and infrastructure loan guarantees made 2007 the most productive year yet for our guaranteed loan products. In 2007 another 252 lenders joined us for a total of 437 lenders taking advantage of one or more guaranteed products.

Guarantee Trust of Murfreesboro achieved RD Tennessee's highest honor, the Partnership Award, for being one of eight lenders nationwide to pilot the new Guaranteed Underwriting System (GUS) and for 14 years of consistent leadership working with RD staff to help thousands of rural Tennesseans achieve the dream of homeownership. Thirty-five other lenders were recognized with Gold Awards for delivering at least a million+ dollars in guaranteed home loans during FY-07.



Entrepreneurs Connie and James Prather utilized a guaranteed business loan to expand their restaurant and extend service to the adjacent hotel/conference center, increasing the kinds of amenities available for business travelers and university visitors in Union City and UT Martin. Other rural businesses of all sizes used Rural Development loans or energy efficiency grants to improve their capacity to create good local jobs and compete in the global economy. In 2007, RD Tennessee managed an active business loan portfolio of \$97.8 million with a competitive default rate of 3.4 percent.

H O U S I N G

2,293 affordable home & home-repair loans

Guaranteed and direct home loans help families and individuals buy, build or repair affordable homes in rural areas with populations less than 20,000. Eligibility is based on family income and varies according to the average in each county. Home repair and rental housing programs are delivered through non-profit partners and private lenders. For more information on Rural Development housing programs contact us at **615-783-1375** or www.rurdev.usda.gov/tn.



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2006	2007
\$128,726,622	\$140,688,133
\$43,407,663	\$39,173,616
\$2,283,440	\$1,821,013
\$294,424	\$432,900
\$408,067	\$470,061
\$5,675,000	\$8,876,290
\$350,000	\$1,686,814
\$14,944,336	\$14,869,468

Single Family Guaranteed Home Loans (502 Guaranteed)

Works with private lenders to help eligible families buy, build and in some cases refinance homes with loans up to 100% of market value.

Single Family Direct Home Loans (SFH 502)

Helps eligible families achieve the dream of homeownership through low interest home loans originated and serviced by Rural Development.

Repair Loans and Grants (SFH 504)

Assists eligible homeowners in making needed health- or safety-related repairs and to improve accessibility. Grants are designated for elderly homeowners.

Housing Preservation (repair/improvement) Grants (HPG 533)

Funds public and non-profit entities that provide eligible homeowners with help making needed health or safety repairs and to improve accessibility.

Self-Help Housing Grants (SFH 523)

Provides financial assistance to public or non-profit entities working with eligible families that contribute substantial sweat-equity to the building of a group of new homes.

Rural Rental Housing Guaranteed loans (GRRH 538)

Creates financing incentives for lenders to develop and/or repair affordable rental housing.

Rural Rental Housing Rehabilitation Grants (MFH 515)

Funds repair and rehabilitation of RD-funded multi-family rental housing.

Rural Rental Assistance

Provides financial assistance to eligible renters in multi-family housing as a first step toward homeownership.

Exceeding expectations
FY-2007

283

Percent of initially allocated housing program funds obligated

269

Percent of allocated guaranteed home loan funds obligated

202

Percent of allocated housing preservation grant funds obligated

9

National rank among state offices for number of guaranteed home loans delivered

\$181,145,216 **\$208,018,295**
3,765 **5,459**

Investment in rural Tennessee housing
Families & individuals assisted



Cookeville Area Office staff and their children joined partner Crossville Housing Authority in a work-day to help local families achieve homeownership with the Self-Help Housing Program.



Gloria Lester and brother Billy Hobson bought a more accessible home in Somerville, that has room for them and needed medical equipment, with the help of a low-interest RD home loan.



Neighborworks America and RD Tennessee formed a partnership to coordinate financial and technical resources available to assist low-income families in buying a home.



Tri Star Mortgage of Clarksville was recognized for \$5+ million worth of home loans made to families through the Guaranteed Rural Housing program. 35 lenders reached \$1+ million in '07.

Rural America Tour Spreads Best Practices



Under Secretary Thomas C. Dorr joined State Directors from Tennessee, Arkansas and Mississippi to host the second annual Rural America Tour, sponsored by the non-profit Farm Foundation, Southern Regional Development Center and USDA Rural Development. The August event brought together policy-makers from national organizations, RD and other agencies with interests in promoting development in rural communities.

Participants spent four days on the road learning about innovative ways that mid-south leaders are building public-private partnerships to make their communities more economically viable, promoting job growth, and improving education, healthcare and the quality of life for everyone.

Ethanol Grain Processors and Advantage Manufacturing, two companies in northwest Tennessee, discussed the impact of public-private partnerships on regional job creation. **UT Health Science Center**, Memphis demonstrated telemedicine applications that are changing the way healthcare is delivered in rural areas. And in **Bolivar, Hardeman County**, Tennessee, elected officials and business leaders highlighted the results of regional cooperation and planning is having on the economic health of their communities.



COMMUNITY

142,628 households with safe, reliable water

Community programs provide the essential community infrastructure for economic development, health and safety. They ensure that rural areas enjoy the same basic quality-of-life services enjoyed by people across the U.S. These include safe, reliable water and waste disposal systems as well as public-use facilities like schools, libraries, childcare, hospitals, medical clinics, assisted living facilities, fire and rescue stations, community centers and transportation assets. For more information on Rural Development community programs in Tennessee contact us at **615-783-1345** or www.rurdev.usda.gov/tn.

2006	2007	
\$43,438,800	\$45,406,200	Water & Waste Disposal Loans (WEP)
\$11,634,800	\$13,486,040	Water & Waste Disposal Grants
		Promote health, safety and economic development by providing financial and technical assistance through guaranteed and direct low-interest loans, and grants for public and non-profit entities to develop, improve and repair water, sewer and storm drainage systems. These programs serve unincorporated areas and cities with a population less than 10,000.
\$8,529,000	\$19,280,400	Community Facilities Direct and Guaranteed Loans (CF)
\$1,176,500	\$966,500	Community Facilities Grants
		Leverage private-lender capital in rural areas for loans used by public and non-profit entities to construct facilities for, or otherwise improve, essential services like education, healthcare and first responder facilities, vehicles and equipment. These programs serve unincorporated areas and cities with a population less than 20,000.
\$64,960,511	\$40,078,212	Rural Electric & Telephone Cooperative Loans
		Provide capital to upgrade, expand, maintain, and replace rural electric and telephone infrastructure essential to the economic health and development of rural communities.
\$693,567	\$496,212	Distance Learning & Tele-medicine Grants (DLT)
		Fund public and non-profit programs that use technology and the Internet to promote education and healthcare.
\$50,000	\$80,000	Solid Waste Management Grants
		Fund public and non-profit programs that promote recycling education and solid waste planning and management.

\$130,483,178 **\$119,794,164**
476,954 590,245

Investment in rural Tennessee infrastructure
Families & individuals impacted



Committed to the future of rural communities.

Exceeding expectations
FY-2007

218

Percent of allocated community facilities loan funds obligated

154

Percent of allocated water/waste loan funds obligated

146

Percent of initially allocated community program funds obligated

4

National rank among state offices for water/waste grants delivered



Rep. John Duncan announced a \$1.5 million loan to Loudon Co. for construction of a secure 911 Emergency facility, replacing a trailer and better coordinating emergency services.



Cosby Volunteer Fire Chief David Gregg demonstrated vital first-responder equipment made possible by a \$25,000 grant, \$5,000 loan and \$30,000 raised by his volunteers.



Rep. Lincoln Davis brought a \$40,000 community facilities grant to Cumberland Medical Center for the expansion of healthcare services in the rural Crab Orchard Community.



Rep. Zack Wamp spent Earth Day in Blaine, announcing a \$1,786,500 loan/grant combo to build a sewer system in an unserved area with high numbers of failing septic systems.

Distance Learning & Telemedicine change lives



Under Secretary Thomas C. Dorr joined State Director Tackett and Rep. Steve Cohen in April at the University of Tennessee Health Science Center, Memphis for a demonstration of current telemedicine technologies. UTHSC linked to hospitals and clinics from rural areas of TN, CO, LA, VA and MN to explain the range of healthcare that can be provided to rural patients more cost-effectively through a range of currently available technologies.

Agriculture Secretary Mike Johanns joined the event from D.C. via the Internet to discuss the Rural Development funding for telemedicine, distance learning and critical access hospitals proposed in USDA's 2007 Farm Bill Proposals to Congress.

Sen. Lamar Alexander in October delivered a \$496,212 Distance Learning grant to increase educational opportunities for students and teachers in Rhea, Scott and Hancock Counties. The innovative partnership of rural county school districts, Tennessee Educators Across the Mountains (TEAM), builds on the success of a program developed in Scott Co., also with financial assistance from RD. The new program connects 19 sites with educational resources from around the world and will allow schools to share teaching staff in subjects that would not otherwise be available.

